

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NOS. 97-079-C & 97-080-C - ORDER NO. 98-817

OCTOBER 26, 1998

IN RE: Docket No. 97-079-C – Request of United Telephone) ORDER
Company of the Carolinas for Approval of Revisions) GRANTING
to its Access Services Tariff Removing Coin/Pay) MOTION FOR
Telephone Services as Tariffed Offerings in Response) DECLARATORY
to FCC Order No. 96-128.) RULING
)
AND)
)
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Docket No. 97-080-C – Request of United Telephone)
Company of the Carolinas for Approval of Revisions)
to its General Subscriber Services Tariff in Response)
to the FCC Order No. 96-128 Regarding Payphone)
Deregulation.)

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Motion for Declaratory Ruling filed by United Telephone Company of the Carolinas (United or the Company).

United states that by Order dated May 22, 1997, in Docket No. 97-190-C, Order No. 97-451, the Commission approved tariffs for those Local Exchange Carrier (LEC) members of the South Carolina Telephone Coalition (SCTC) whose rate was based on a flat-rate set at a level not to exceed one and one-half (1 1/2) times the B-1 rate, or a percentage of the B-1 rate plus a message rate, unless the LEC submitted cost study data to support a different rate. The Commission further concluded that all subsidies had been

removed with the SCTC member filings and that the rates proposed were non-discriminatory.

United further states that it is not a member of SCTC. However, it states its belief that, in all material respects, it is similar to the small, rural LECs that make up the SCTC membership. United states that it is a “small local exchange carrier” or “small LEC” as defined in S. C. CODE ANN. Section 58-9-10 (14)(Supp. 1997), and a “rural telephone company” as defined in the federal Telecommunications Act of 1996. Also, United is apparently self-certified at the Federal Communications Commission (FCC) as a rural telephone company, and United was treated as a rural telephone company in the recent Universal Service Fund proceeding before this Commission (Docket No. 97-239-C).

The Company is proposing, among other things, that the Commission adopt and approve certain submitted payphone access line rates, which, according to United, do not exceed one and one-half (1 1/2) times the B-1 rate, plus a message rate. Also according to United, the proposed rates are wholly consistent with the Commission’s treatment of other small, rural LECs under the May 22, 1997 Order No. 97-451.

United further states its belief that because the proposed rates do not exceed one and one-half (1 1/2) times the B-1 rate, and are otherwise consistent with the usage rate parameters, United believes that under the Commission’s May 22, 1997 Order, no supporting cost study is necessary for the Commission to adopt and approve the proposed rates. United’s request may be summarized by stating that it is simply requesting that United be afforded the same treatment as the Commission has previously extended to other small, rural LECs under the May 22, 1997 Order. In any event, however, United

filed in conjunction with its Motion, a cost study which it claims further supports the payphone access line rates proposed by United and which is fully compliant with the Commission's Order No. 98-322 in Docket No. 97-239-C.

United states that its cost study is generated by, and is a product of the Benchmark Cost Proxy Model (BCPM) 3.1, which was previously adopted by the Commission in the Universal Service Fund proceeding (Docket No. 97-239-C), and incorporates the inputs per Commission Order No. 98-322, dated May 6, 1998. The Company notes that its cost study has been incorporated into the revised new services test for a payphone access line, and incorporates supporting work papers and a CD ROM which conclusively establish that United's proposed rates are consistent with cost as determined by the BCPM 3.1.

The Company notes that it initially filed proposed tariffs with this Commission on January 15, 1997 for the unbundled payphone access line features of coin control and answer supervision, pursuant to the requirements of the FCC in CC Docket No. 96-128. The tariff pages for these services were replaced in a filing made on April 9, 1997. Also, United states that it previously filed new services tests and cost support for these services with this Commission on May 19, 1997. According to United, the same new services tests information, supporting calculations and interstate tariffs with the same proposed rates for these features were filed with the FCC on behalf of United and all of United's affiliated local telephone companies on May 16, 1997. United states that this filing was approved by the FCC, effective May 31, 1997 and such approval is evidence that these studies satisfy the FCC's new services test requirement.

Accordingly, United requests that its proposed payphone access line rates be adopted and approved, to be effective retroactively to and from April 15, 1997; that the Company's proposed coin control and answer supervision tariffs be approved as filed initially January 15, 1997 and replaced April 9, 1997; that no further evidentiary hearing or investigation is necessary in these dockets, and that all further proceedings be suspended indefinitely.

The South Carolina Public Communications Association (SCPCA) objects to United's Motion on several grounds. First, SCPCA notes that United has filed two "new services test" cost studies with the Commission, which creates a factual dispute which may only be settled by a Commission hearing. Second, according to SCPCA, United is not "materially similar" to the members of the SCTC. Also, SCPCA notes that it has not agreed to accept the BCPM 3.1 for use in this docket. It appears to us that SCPCA's allegations are without merit, and that United's Motion should be granted.

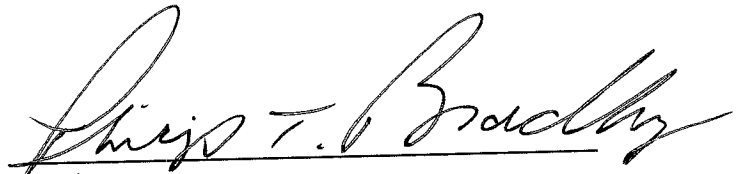
First, since the proposed rates do not exceed one and one-half (1 1/2) times the B-1 rate, we agree with United that under our previous Commission Order, no cost study is necessary to support the rate filing. Therefore, SCPCA's concern about two conflicting cost studies is moot. This holding also makes moot SCPCA's concern about use of the BCPM 3.1. We also disagree with SCPCA's statement that United is not materially similar to members of the SCTC. It is materially similar. United is a "rural telephone company" as defined in the federal Telecommunications Act of 1996. Also, as was previously stated, United is self-certified at the Federal Communications Commission as a rural telephone company, and United was treated as a rural telephone company.

Therefore, since United is materially similar to an SCTC company, we believe that we may apply the same standard that we applied in our prior cases involving SCTC companies, i.e. that standard found in Order No. 97-451.

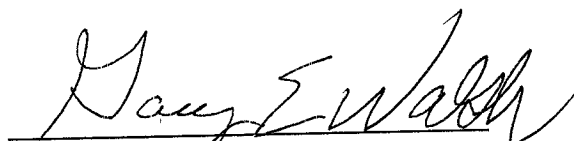
Accordingly, United's proposed payphone access line rates are adopted and approved, to be effective retroactively to and from April 15, 1997. Also, United's proposed coin control and answer supervision tariffs are approved as filed initially January 15, 1997 and replaced April 9, 1997. Consequently, no further evidentiary hearing or investigation is necessary in these dockets. United's Motion is granted, the scheduled hearing is cancelled, and this docket shall be closed.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)